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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 18, 2000

APPLICATION OF

THE POTOMAC EDISON COMPANY
D/B/A ALLEGHENY POWER

CASE NOS. PUE890074
PUE910064
PUE920073
PUE940003
PUE950004
PUE960001
PUE980049
PUE990005
PUE000004

To close open fuel factor cases

ORDER CLOSING FUEL FACTOR CASES

On August 18, 2000, The Potomac Edison Company, d/b/a Allegheny Power ("AP" or "Company"), filed a motion to close certain fuel factor cases related to AP currently pending on the Commission's docket. In support of its motion, the Company stated as follows:

(1) In a Memorandum of Understanding ("MOU") filed as part of Phase I of its Functional Separation Plan in Case No. PUE000280, AP agreed to roll its fuel factor into base rates at a defined level and to thereafter terminate its Virginia fuel factor mechanism. According to AP, under the terms of the MOU, deferred accounting for items included in the fuel factor would cease upon Commission approval of the appropriate tariff changes. In addition, it was agreed that any deferred over or

under recovery of fuel costs would be written off the Company's books with no refunding or charging to AP's customers.

(2) The Commission approved the elimination of the Company's fuel factor in its July 26, 2000, Order in Case No. PUE000280. The Company filed tariffs eliminating the fuel factor that were accepted and became effective for service on and after August 7, 2000.

(3) There are currently pending on the Commission's docket eight fuel factor cases relating to AP awaiting a final audit of fuel cost information. These cases are PUE890074, PUE910064, PUE920073, PUE940003, PUE950004, PUE960001, PUE980049, and PUE990005. The Company's present fuel factor case, PUE000004, was suspended pending the Commission's consideration of the fuel roll-in feature contained in the MOU as part of Phase I of the Company's Functional Separation Plan in Case No. PUE000280.

(4) According to AP, with the inclusion of fuel costs in base rates, the elimination of the fuel factor and the write-off of any deferred over or under recovery of fuel costs, fuel cost recovery issues have now been settled for AP in Virginia. Therefore, the Company believes that there is no need to continue the pending AP fuel factor cases that were part of the Company's historic fuel recovery process in Virginia.

On September 7, 2000, the Commission issued an Order Giving Notice and Providing an Opportunity to Comment on AP's motion to

close the pending cases. Comments were due by September 28, 2000, and none were received.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Pending fuel factor cases PUE890074, PUE910064, PUE920073, PUE940003, PUE950004, PUE960001, PUE980049, PUE990005, and PUE000004 are hereby closed.

(2) There being nothing further to come before the Commission, these matters are dismissed from the docket, and the record developed herein shall be placed in the file for ended causes.